

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD OF PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,<sup>1</sup>

Debtors.

PROMESA  
Title III

No. 17 BK 3283-LTS  
(Jointly Administered)

**JOINT RESPONSE OF THE QTCB NOTEHOLDER GROUP AND LAWFUL  
CONSTITUTIONAL DEBT COALITION TO THE URGENT JOINT MOTION OF  
FINANCIAL OVERSIGHT AND MANAGEMENT BOARD, ACTING THROUGH ITS  
SPECIAL CLAIMS COMMITTEE, AND OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS UNDER BANKRUPTCY CODE SECTIONS 105(a) AND 502 AND  
BANKRUPTCY RULE 3007, TO (I) CONTINUE HEARING ON MOTION TO  
ESTABLISH CLAIMS OBJECTION PROCEDURES AND (II) EXTEND RELATED  
DEADLINES WITH RESPECT TO OMNIBUS OBJECTION TO CLAIMS OF  
HOLDERS OF CERTAIN COMMONWEALTH GENERAL OBLIGATION BONDS**

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<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID 9686); and (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747). (Title III case numbers listed as Bankruptcy Case numbers due to software limitations).

The QTCB Noteholder Group<sup>2</sup> and Lawful Constitutional Debt Coalition (the “LCDC,” and together with the QTCB Noteholder Group, the “Creditor Plan Support Parties”)<sup>3</sup> respectfully submit this joint response to the *Urgent Joint Motion of Financial Oversight and Management Board, Acting Through its Special Claims Committee, and Official Committee of Unsecured Creditors under Bankruptcy Code Sections 105(a) and 502 and Bankruptcy Rule 3007, to (I) Continue Hearing on Motion to Establish Claims Objection Procedures and (II) Extend Related Deadlines with respect to Omnibus Objection to Claims of Holders of Certain Commonwealth General Obligation Bonds*, Dkt. No. 7528 (the “Continuance Motion”).<sup>4</sup>

On June 16, 2019, the Financial Oversight and Management Board (the “FOMB”) announced that it had entered into a plan support agreement (the “PSA”) outlining the terms of a soon-to-be filed plan of adjustment (the “Plan”) that will include a proposed global settlement of all claims asserted by holders of GO and PBA Bonds against the Commonwealth and all potential defenses and challenges thereto (whether or not yet asserted), including the GO Bond Objections (the “Proposed Settlement”). *See* PSA.<sup>5</sup> The Plan and related disclosure statement will provide claimants with further notice of the litigation related to the GO Bond Objections and an opportunity to participate in the consensual form of resolution provided for in the Plan.

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<sup>2</sup> The QTCB Noteholder Group shall have the same meaning as set forth in *Notice of Appearance and Request for Notice* [Dkt. No. 134] and the *Second Supplemental Verified Statement of the QTCB Noteholder Group Pursuant to Bankruptcy Rule 2019* [Dkt. No. 4871].

<sup>3</sup> The members of the LCDC and their respective holdings are set forth in the *Second Supplemental Verified Statement of the Lawful Constitutional Debt Coalition Pursuant to Federal Rule of Bankruptcy Procedure 2019* [Dkt. No. 7465].

<sup>4</sup> Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Continuance Motion.

<sup>5</sup> The PSA has been uploaded to the Oversight Board’s website, along with a summary thereof. *See* <https://oversightboard.pr.gov/documents/>.

The PSA represents a significant milestone in this contentious and litigious case. Among other things, the PSA provides a path for the Commonwealth to exit bankruptcy expeditiously, while also providing a mechanism for the efficient resolution of the complex, costly and time-consuming litigation that has bogged down this restructuring process. Critically, the Plan will provide a method for the Commonwealth to achieve fiscal responsibility and access to the capital markets, the twin goals of PROMESA.

Pursuant to Section 4.1(e) of the PSA, the FOMB will soon be filing a motion seeking a stay of the GO Bond Objections and the procedures related thereto pending the Court's consideration of the Plan (the "Stay Motion"). The Continuance Motion discloses that the FOMB intends to file the Stay Motion prior to June 28, 2019, and to seek to have the Stay Motion heard on regular notice at the next omnibus hearing scheduled for July 24, 2019. Thus, the Continuance Motion requests, in relevant part, that the Court (i) continue to July 24, 2019 the hearing currently scheduled for June 28, 2019 on the Amended Procedures Motion, pursuant to which the FOMB and the Committee requested entry of an order establishing procedures for the exchange and submission of information designed to establish procedures to brief and litigate the GO Objections, and (ii) continue all deadlines related to the litigation of the GO Objections to dates to be determined following the Court's determination of the Stay Motion.

The Creditor Plan Support Parties respectfully request that the Continuance Motion be granted to the extent outlined in the preceding paragraph. The Stay Motion and the Amended Procedures Motion are integrally related; resolution of one will directly impact the other. Accordingly, considering them together best promotes judicial economy and consistency. The minor delay requested by the Continuance Motion will not prejudice any parties-in-interest, will avoid the need for piecemeal consideration of these issues, and will enable the Court to

simultaneously consider the appropriate sequencing and timing for its adjudication of the Plan, the Proposed Settlement, and (if necessary) the GO Bond Litigation. The relief requested in the Continuance Motion thus provides for the most efficient and logical path forward, and should be granted.

Respectfully submitted, in San Juan, Puerto Rico, this 25th day of June, 2019.

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**CERTIFICATE OF SERVICE**

I hereby certify that on this same date, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to counsel for the parties of record.

/s/ Carlos R. Rivera-Ortiz  
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